

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MILES GRANT PUCKETT

COMPLAINANT

VS.

LICKING VALLEY RURAL ELECTRIC
COOPERATIVE CORPORATION

DEFENDANT

CASE NO. 92-127

O R D E R

This case involves a complaint filed with the Commission by Miles Grant Puckett ("Mr. Puckett") against Licking Valley Rural Electric Cooperative Corporation ("Licking Valley") concerning an estimated bill for electric service charged to Mr. Puckett.

On July 20, 1992, the Commission ordered a hearing on the complaint scheduled for August 27, 1992.

On April 10, 1992, Licking Valley filed an Answer to the complaint denying that the estimated bill was incorrectly calculated.

On July 24, 1992, Licking Valley submitted an Amended Answer wherein it agreed to credit Mr. Puckett's electric service account in the amount of \$260, representing the cost of one month's service. Licking Valley cites that its reason for the proposed settlement is to avoid the time and expense of a formal hearing.

The proposal of Licking Valley to credit Mr. Puckett's account in effect reduces the rates charged to Mr. Puckett. This

conflicts with KRS 278.160(2) and KRS 278.170(1). KRS 278.160(2) prohibits a utility from accepting less compensation than that prescribed in its filed rate schedules.

The primary effect of KRS 278.160(2) is to bestow upon a utility's rate the status of law. While a utility may file or publish new rate schedules to change its rates, it lacks the legal authority to deviate from its filed rates schedule. Boone Co. Sand & Gravel v. Owen Co. RECC, Ky.App. 779 S.W.2d 224 (1989).

Equality among customers cannot be maintained if enforcement of filed rate schedules is relaxed. For this reason, neither equitable considerations nor a utility's negligence may serve as a basis for departing from filed rate schedules. To do so would produce the potential for rate discrimination.

While KRS 278.160(2) limits a utility's authority to depart from its filed rate schedule, KRS 278.170(1) imposes an affirmative obligation upon a utility to charge and collect its prescribed rates. KRS 278.170(1) requires a utility to treat all similarly situated customers in substantially the same manner. If a utility fails to collect from a customer the full amount required by its filed rate schedule, it effectively grants a preference in rates to that customer as it allows him to pay less than other customers for the same service.

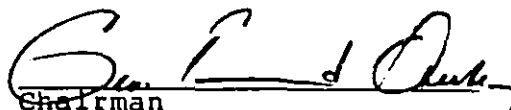
Based upon the foregoing, the Commission finds that a utility may not agree to accept less compensation for its service rendered than its filed rate schedule prescribed to settle a billing

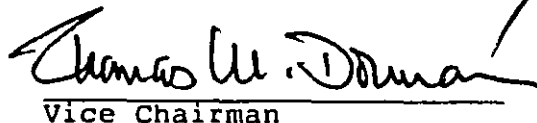
dispute. Accordingly, Licking Valley's proposed settlement is not in the public interest and must be denied.

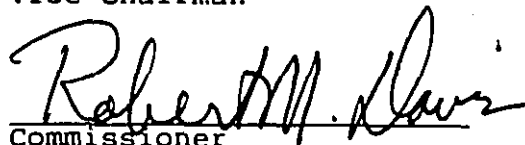
IT IS THEREFORE ORDERED that Licking Valley's settlement agreement is denied.

Done at Frankfort, Kentucky, this 13th day of August, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director